

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

## SENATE ENROLLED ACT No. 412

---

AN ACT to amend the Indiana Code concerning pensions.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 5-10.3-5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 5. (a) The custodians must be banks or trust companies ~~located in that are domiciled in the~~ **United States and approved by the Indiana department of financial institutions under IC 28-1-2-39 to:**

**(1) act in a fiduciary capacity; and**

**(2) manage custodial accounts;**

**in Indiana.**

**(b)** The board is authorized to accept safekeeping receipts for securities held by the custodians. Each custodian must have a combined capital and surplus of at least ten million dollars (\$10,000,000) according to the last published report of condition for the bank or trust company and have physical custody of such securities. The state board of accounts is authorized to rely on safekeeping receipts from the custodian. The custodian may be authorized by the agreement to:

(1) hold securities and other investments in the name of the fund, in the name of a nominee of the custodian, or in bearer form;

(2) collect and receive income, interest, proceeds of sale, maturities, redemptions, and all other receipts from the securities and other investments; deposit all these receipts in a custodian account or checking account as instructed by the board; and

SEA 412+



C  
o  
p  
y

reinvest these receipts as directed by the board;

(3) maintain accounting records and prepare reports which are required by the board and the state board of accounts; and

(4) perform other services for the board as are customary and appropriate for custodians.

~~(b)~~ (c) The custodian is responsible for all securities held in the name of its nominee for the fund.

SECTION 2. IC 21-6.1-3-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 13. (a) The board may enter into a custodial agreement ~~with a bank or trust company located in Indiana~~ on terms the board considers in the best interest of the fund ~~That with a bank or trust company that is domiciled in the United States and approved by the Indiana department of financial institutions under IC 28-1-2-39 to:~~

(1) act in a fiduciary capacity; and

(2) manage custodial accounts;

in Indiana.

(b) The agreement described in subsection (a) may authorize the custodian to:

(1) hold the fund's securities and other investments in the name of the fund or a nominee, or in bearer form;

(2) collect the income and other receipts from the securities and other investments and deposit them subject to the instructions of the board or its representative;

(3) reinvest the receipts on the direction of the board or its representative;

(4) maintain accounting records and prepare reports as may be required for use by the fund and the state board of accounts; and

(5) perform other services for the board which are appropriate and customary for the custodian.

(c) The custodian is responsible for all securities held in the name of its nominee for the fund.

SECTION 3. IC 28-1-2-39 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 39. (a) A bank or trust company organized under the laws of any state or the United States may not act in a fiduciary capacity and manage a custodial account under IC 5-10.3-5-5 or IC 21-6.1-3-13 unless the director or the director's designee has approved an application requesting authorization to manage a custodial account.

(b) The director or the director's designee shall:

(1) create an application form; and



C  
o  
p  
y

**(2) issue a written determination of approval or denial not more than thirty (30) days after receiving a completed application.**

**The period for approval or denial of an application set forth in subdivision (2) may be extended in the discretion of the director or the director's designee for an additional thirty (30) days.**

**(c) The director or the director's designee shall issue a written determination of approval if the director or the director's designee is satisfied that the bank or trust company organized under the laws of any state or the United States is operated in a safe and sound condition and that the management is experienced and competent.**

C  
o  
p  
y



---

President of the Senate

---

President Pro Tempore

---

Speaker of the House of Representatives

Approved: \_\_\_\_\_

---

Governor of the State of Indiana

C  
o  
p  
y

SEA 412+

